

June 5, 2003

Opening Statement for Congressman Paul E. Gillmor
House Financial Services Committee
Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises
Hearing to consider HR 2179, the Securities Fraud Deterrence and Investor Restitution
Act of 2003

Thank you, Mr. Chairman, for holding this important hearing and for your leadership, along with our full committee Chairman Oxley, on this issue.

Given the recent corporate corruption scandals that have plagued many of our largest publicly traded companies, costing their investors millions of dollars, the issue of full investor restitution must continue to be debated by this committee. Throughout my years in Congress, I have been a strong defender of shareholder's rights and am committed to seeing this issue addressed in a meaningful way.

Section 308(a) of the Sarbanes-Oxley Act of 2002 established the Fair Fund, which allows the Securities and Exchange Commission (SEC) to collect civil penalties in enforcement cases and add them to funds that benefit the victims of securities law violations. It also directed the SEC to submit a report to Congress, reviewing and analyzing its enforcement actions over the past five years to identify the procedures that would best ensure that monies are returned to defrauded investors. This February, our subcommittee received the SEC report and began our consideration of its findings.

Chairmen Oxley and Baker have introduced HR 2179, the Securities Fraud Deterrence and Investor Restitution Act of 2003 to address the reforms deemed necessary by the SEC. It contains several provisions designed to greatly increase the SEC's ability to levy and collect fines and disgorgement funds that can be made available for investor restitution. HR 2179 also addresses the identified state and federal procedures that impede the SEC's ability to perform these functions.

I look forward to a thorough debate of this legislation here today and encourage our witnesses to put forth any suggestions for improvement. Thank you again, Mr. Chairman, for calling us together this morning.